



KEY HUMAN SERVICES, INC.

"Advancing the Human Spirit"

Testimony Submitted to the Human Services Committee

Raised H.B. 6947: An act concerning state contracts for human services

To ensure uniform and adequate reimbursement for private providers of health and human services who enter into contracts with state agencies.

My name is Mary Beth O'Neill and I am President & CEO of Key Human Services, Inc. (Key) in Wethersfield, CT. Key is a nonprofit, which provides services to hundreds of adults and children with Intellectual and Developmental Disabilities in a variety of programs throughout the State of Connecticut. We employ over 400 dedicated employees who are committed to the people we support and our mission and vision.

When I started working for private providers over twenty years ago, the industry was adequately funded, which drove me to continue down this career path. I was lucky because there were training opportunities in which to participate and the performance expectations were realistic. I could work one full time job and afford an apartment, food and a car. I knew I was valued as my salary reflected my efforts and my employers had the capacity to reward my performance. Today, this is not the case. Many people move from job to job often leaving the industry because their wages are frozen in time. For those who stay in the field, they are unable to make a living wage, often working two or three jobs. Our staff are the backbone of our organization and the stressors of low wages impact their attendance and quality of work. These issues have a significant impact on those people who receive our support and their families.

Historically, the state has privatized services in order to save money. Unfortunately, over the past few years that savings has been on the backs of providers and our direct support personnel. Our services funded by the state have not seen an overall COLA since 2008. In 2013, we were given a 1% increase with specific instruction to utilize the funds towards salaries and benefits. Unfortunately, in the same year there was a rescission of 1.2%. This attempt at helping private providers did nothing to address our constantly rising costs. Not only have we seen reduced or stagnant funding, we are consistently experiencing ever increasing expectations without reimbursement.

The following is a list of some of the percentage increases in costs between FY 2008 vs. FY2015 for Key.

- Workers Comp Premium – 42%
- D&O Insurance – 22%
- Health Insurance – 58%
- Vehicle Leases – 42%
- Real Estate Taxes – 20%
- Cable – 27%
- Water & Sewer – 82%

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Unfortunately, during this period of time our wages remained flat. It should be apparent that we continue to fund our business by keeping wages flat. If we raised wages, we would be unable to pay our bills. As noted in the Nonprofit Human Services Alliance report, the Consumer Price Index and the CT State Budget have increased annually since 2001. The CPI has risen 8.52% over the past 5 years, whereas POS contracts have only increased 1%. Private providers cannot continue down this road.

The state cuts the cost of services by reducing payments, not because the services cost less or less services are to be provided, but because it can as a system in order to meet state budget expectations. When the funding is reduced and more individuals require service, the rates decrease. For example, if the state previously paid \$100 to serve 10 people, the state now pays \$90 to serve 12 people. This means services previously reimbursed at \$10/person, are now reimbursed at \$7.50/person. The residential rates for providers are being established by state budget appropriations, not the actual cost of providing the service. This is not a funding model for human services. This methodology jeopardizes private providers and the health and safety of those receiving supports.

Private providers have no recourse other than to refuse to sign the contract putting the business, employees, and individuals being served in jeopardy. There is no such thing as contract negotiation. It would be one thing if the expectations changed, but the state maintains the same expectation of service delivery. This is atrocious. The constant demand to provide more with less cannot continue and is wreaking havoc throughout the system.

I implore you to support passage of H.B. 6947. Funding must be based on actual costs. Rates must be routinely reviewed. Providers must be paid in line with inflation. The state must do the right thing for funding all private agencies.

Thank you for your time and consideration. I can be reached at 860-409-7350 ext. 124 to answer any questions you may have or to discuss this matter further.